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Retired Admiral Inman Resigning From Westmark

Ex-CIA Official Blames Financial Pressures

By Willie Schatz
Washington Post Staff Writer

You can take retired Admiral Bobby Inman out of the government, but you apparently can't take the government out of Bobby Inman.

Three years ago, the former deputy director of the Central Intelligence Agency made his move into the private sector as chairman, president and chief executive of Westmark Systems Inc., an Austin, Tex.-based holding company that was going to buy other firms and become a major force in the defense industry.

Now, frustrated by his inability to cope with the financial pressures of running a private firm, Inman as of Sunday is resigning from Westmark.

That isn't exactly what he had planned.

"When I came here everybody understood that I didn't know anything about finance," Inman said yesterday from his Westmark office. "I was going to make a quick purchase for Westmark. Then I was going to improve the performance of that company and accelerate the introduction of new technology without worrying about financial pressures. But those pressures have been here since the beginning. And dealing with the banks has not been something I've enjoyed.

"I'd rather deal with Congress any day. Congress isn't greedy. They're not looking for how much money they can make on every transaction."

Inman has had plenty of experience

taking on Congress. Before forming Westmark, he spent four years as president of Austin-based Microelectronics Computer and Technology Corp. (MCC), a government-backed project to combine the resources of major U.S. companies to keep the country at the forefront of computer technology. That stint followed the CIA job, which came after three years as director of the National Security Agency (NSA).

You would think that seven years away from Washington would be long enough to blur the memories of even the most seasoned government policy maker. Not even close.

"Congress will give you a good scrubbing, but only to make sure there's some value in the money they're giving you," Inman said. "The banks will whipsaw you and drive you bankrupt if they get the chance."

The banks haven't quite done that to Tracor Holdings Inc., a Dallas-based defense contractor that Westmark purchased in 1987 through an \$866 million leveraged buyout. But given what Maeda Klein, a bond analyst with New York-based Donaldson, Lufkin & Jenrette (DLJ) Securities Corp., calls Tracor's "absolute distress situation," the banks are closing fast.

That's not how it used to be at the NSA, the CIA and MCC, even though those organizations allegedly provided Inman with the acumen to run a private sector organization such as Westmark.

"There's no doubt the NSA was a bureaucracy," Inman said. "It was an enormously complex organization where you had to deal with all these secrecy requirements while still trying to accomplish your mission. If you worked hard enough, you could sort things out, make decisions and implement them."

"MCC was fun because it was building a brand-new organization. You had serious corporate culture clashes because there were about a dozen big companies involved, but my job was basically smoothing out the rough corporate edges. In that sense it's not that different from getting various government agencies to cooperate with your agency."

That experience, combined with Inman's reputation for being one of the straightest shooters around, made him a very attractive candidate when he left MCC. After being heavily romanced by the investment banking community, he signed up on Jan. 1, 1987, with Mason Best, a Dallas-based merchant bank that owns about 30 percent of Westmark.

Inman spent his first three months exploring potential acquisitions in the defense electronics area before picking Tracor, which does about 45 percent of its business with the U.S. government and another 15 percent with other governments. Tracor was to be

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the foundation upon which Westmark would build its acquisition strategy.

Somewhere, the plans went awry. Rather than being a major player in the defense electronics industry, Tracor—and Westmark—now find themselves in dire straits because of an immense debt burden. Time is not on the companies' side, and DLJ's Klein says that unless Tracor sells an asset soon, it won't last beyond February.

That wasn't supposed to happen, at

least not to Bobby Inman. True, he didn't have to worry about finances at the NSA, the CIA and MCC. Congress funded those efforts. But he admitted that lack of experience before he formed Westmark and failure hasn't been part of his career profile.

"I find this very surprising," said George Carver, former deputy director of the NSA and now a senior fellow at the Center for Strategic and International Studies. "For Bobby to announce his resignation for a supposed personal inadequacy is totally against what he's always stood for.

It's totally uncharacteristic of him."

Inman thinks it's right on target.

"I've always tried not to present myself as an expert when I don't know anything," he said. "It's time to get someone in here who knows how to deal with the financial problems. Why have an amateur in here when you can get a professional?"

"The most disheartening part of this for me was not being able to accelerate the banks' agreeing to allow Tracor to begin to sell assets. I felt totally helpless. There was nowhere to go. In the government I could always speed things up with a letter or phone call."